

Members

Sen. James Merritt, Chairperson  
Sen. Thomas Weatherwax  
Sen. Samuel Smith  
Sen. Rose Antich  
Rep. Robert Bischoff  
Rep. Markt Lytle  
Rep. James Buck  
Rep. William Friend  
David Butterfield  
Norm Blankenship  
Robert Plantenga  
Richard Jones  
William Goffinett  
James Murphy



# LOCAL GOVERNMENT FINANCE STUDY COMMISSION

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Commission

Authority: P.L. 242-1997

## MEETING MINUTES<sup>1</sup>

Meeting Date: October 25, 2001  
Meeting Time: 1:30 P.M.  
Meeting Place: State House, 200 W. Washington St.,  
Room 130  
Meeting City: Indianapolis, Indiana  
Meeting Number: 2

**Members Present:** Sen. James Merritt, Chairperson; Sen. Thomas Weatherwax;  
Sen. Samuel Smith; Rep. Robert Bischoff; Rep. Markt Lytle; Rep.  
James Buck; Rep. William Friend; Norm Blankenship; Robert  
Plantenga; Richard Jones; William Goffinett; James Murphy.

**Members Absent:** Sen. Rose Antich; David Butterfield.

Sen. Merritt called the meeting to order at approximately 1:30 p.m.

The Commission then heard public testimony on various topics beginning with local public improvement areas which had first been brought before the general assembly in HCR 111-2001 by Rep. Ron Liggett.

Rep. Liggett described the local public improvement area concept to the Commission. He emphasized the potential savings that homeowners may realize if necessary infrastructure

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

in new home developments could be financed through tax exempt bonding rather than in the private sector.

Sandy Bickel of Ice Miller reviewed the mechanics of the concept for the Commission. In general terms, the concept would enable local governments to designate the geographic area of a new housing development as a public improvement area and allow the area to finance infrastructure improvements with tax exempt bonds. The bonds would in turn be repaid from the proceeds of special assessments paid by the homeowners in the development. The savings realized by the homeowners are attributable to the lower interest rates associated with tax exempt bonding. Ms. Bickel also emphasized that the advantages of government bonding are made available without spreading the burden of repaying the bonds to all of the taxpayers in the unit as would be the case if the local unit itself paid for the infrastructure.

Ms. Bickel reported to the Commission that the concept is currently used in New Mexico, Massachusetts, Maryland, Virginia, and Illinois.

Mr. Steve Edwards of S.E. Plattman Properties, a large land development company that works with many of the larger home builders in the Indianapolis area, discussed the nature of the financing mechanism. He noted that the financing runs with the land and, thus, transfers to the successor developer if a development is sold.

Ms. Karen Arland of Ice Miller joined Ms. Bickel and Mr. Edwards in responding to a number of questions posed by the Commission concerning the finer details of the concept. Many of the issues are also addressed in an executive summary of the concept which is attached as Exhibit A.

#### County voting system purchases

Mr. Travis Worl, Association of Indiana Counties, reminded the commission that county governments have been mandated to improve their voting systems. A county may use either its general fund or a voting system purchase fund to fulfill the mandate. Mr. Worl testified that the problem that counties face is that the voting system purchase fund is subject to the property tax levy limits. Therefore, the use of either fund may require a corresponding reduction in other areas of the county budget to accommodate the voting system purchase. Mr. Worl also testified that a number of counties would require excessive levies to fund the purchase of new voting systems and provided a spread sheet identifying those counties (Exhibit B). Mr. Worl advised the Commission that the association would pursue legislation in the 2002 session of the General Assembly moving the voting system purchase fund outside the levy limits and submitted a draft of the association's proposal (Exhibit C).

Sen. Weatherwax asked whether new voting systems could be phased into service in the affected counties over time. Mr. Worl replied that new systems could not be phased into service over time because of constitutional concerns under the Equal Protection Clause.

Rep. Lytle asked whether the voting system purchase fund was a permanent addition to the county levies. Mr. Worl answered yes but reminded the Commission of the fund's very narrow purpose.

Speaking on behalf of the Commission, Sen. Merritt encouraged the counties to continue to develop tools to finance voting machine purchases.

#### Automobile insurance for volunteer firefighters

Mr. Rick Ainsworth, Director of Claims, Farm Bureau Insurance, addressed the "fire fighting activity" exclusion found in some Farm Bureau policies. Mr. Ainsworth explained to the commission that the exclusion refers to situations in which the fire fighter's vehicle is actually used to fight a fire. Mr. Ainsworth assured the Commission that the exclusion would not apply to a fire fighter's use of a vehicle to drive to the scene of the fire or to the fire station. Mr. Ainsworth testified that an accident occurring in route to an emergency scene would be covered by the Farm Bureau's policies.

Counsel reported to the Commission that Indiana does not have a statute addressing the issue. Nor has the Department of Insurance issued a regulation or bulletin on the matter. Counsel added that while California has a statute providing protection to volunteers who use their personal vehicles in their volunteer activities, electronic searches had otherwise failed to discover a statute from any other state on point.

#### State Board of Tax Commissioners

Commissioner Melissa Henson and Mr. Mark Webb, Director of Communication, presented a list of proposed amendments to the Indiana Code concerning the local budget process. The list is attached as Exhibit D and contains additional comments from the State Board of Tax Commissioners.

#### Other business

The State Board of Tax Commissioners' presentation completed the public testimony portion of the meeting. The Commission then began to complete the Commission's business for the 2001 interim.

The Commission reviewed PD 3493 reestablishing the Commission following its scheduled expiration on November 2, 2001. The Commission approved the draft by a unanimous voice vote. PD 3493 is attached as Exhibit E.

Counsel presented a draft of the Commission's annual report to the Legislative Council which the Commission approved by a unanimous voice vote.

Sen. Merritt then adjourned the meeting at approximately 4:15 p.m.